

Healthcare Programs

Hospitals (Section 242)

FHA mortgage insurance to finance construction or rehabilitation of public or private nonprofit and proprietary hospitals, including major movable equipment.

Nature of Program: FHA insures mortgages made by private lenders to facilitate the construction or renovation of acute care hospitals. Clients range in size from large urban teaching hospitals to small rural hospitals. Critical Access Hospitals (hospitals with 25 beds or less which have received designation by states and the Department of Health and Human Services) are also eligible. Facilities must be properly licensed, provide primarily acute patient care, and be able to demonstrate the need for the project. Key program criteria include a maximum loan-to-value of 90 percent, a loan term of 25 years, and funding of a mortgage reserve fund. The term of the HUD-insured mortgage for hospitals cannot exceed 25 years. Existing hospital projects are also eligible for refinancing.

Applicant Eligibility: Public, proprietary, and nonprofit acute care hospitals licensed or regulated by the state.

Legal Authority: Section 242 of the National Housing Act (12 U.S.C. 1715z-7) and the Hospital Mortgage Insurance Act of 2003 (12 U.S.C. 1701). Regulations are at 24 CFR part 200, subpart A, and part 242.

Administering Office: Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410.

Information Sources: Office Healthcare Programs (202) 708-0599.
On the Web: www.hud.gov/healthcare

Current Status: Active.